

# BENEFITS NEWS

An Information Publication for State of California Employees

## Save Money With a FlexElect Reimbursement Account

Everyone knows there are some medical bills health insurance doesn't cover, such as office visit copays. But you may not know about a great benefit available to most State employees that allows you to pay these bills with pre-tax income. It's called a **Medical Reimbursement Account**.

Do you pay someone to take care of your children, spouse, or elderly parents so you can work or look for work? If you do, a **Dependent Care Reimbursement Account** may save you money.

The FlexElect Program offers both kinds of accounts. You can sign up for one or both accounts during Fall Open Enrollment (Sept. 15 through Oct. 15) or, if you're a new employee, within your first 60 days.

### Who's eligible?

State employees with a permanent appointment and a time base that's half-time or greater are eligible to enroll in a FlexElect account. Permanent-intermittent employees are ineligible to enroll. Check with your Personnel Office if you have questions on eligibility.

### What's the tax advantage of FlexElect?

Money deducted from your paycheck for a FlexElect account is not taxable, nor are the reimbursement payments. That means you can reduce the amount of income taxes you pay by enrolling in a FlexElect reimbursement account.

### How does a FlexElect account work?

When you enroll, you authorize a monthly deduction from your paycheck, based on your best estimate of the coming year's eligible expenses. Then, after you

incur an eligible expense, you submit a claim to FlexElect, which mails you a reimbursement check.

### Medical Reimbursement Account

The Medical Reimbursement Account covers out-of-pocket health-related expenses for you, your spouse, and your dependents. The minimum monthly deduction is \$10. The maximum is \$5,000/year.

### What expenses can I pay for with a Medical Account?

You may claim reimbursement for uninsured medical services/supplies received during the calendar year for which you are enrolled. Here are a few examples of eligible expenses:

- ✓ Copays for office visits and prescriptions (but *not* out-of-pocket health premiums)
- ✓ Lab fees
- ✓ Orthodontic work
- ✓ Eye glasses and contacts
- ✓ Laser eye surgery
- ✓ Hearing aids and exams
- ✓ Transportation for medical care
- ✓ Smoking-cessation programs

Refer to IRS Publication 502 for additional information



## Dependent Care Reimbursement Account

A dependent care account is for paying someone to take care of your dependents so you can go to work. The minimum monthly deduction is \$20. The maximum is \$5,000 per year per household.

You need to be aware that if you enroll in a dependent care reimbursement account, you cannot claim the dependent care tax credit when you file your tax return. For this reason, you need to first decide whether you'll get a better tax break using a reimbursement account *or* claiming these expenses as a tax credit. Check with a tax advisor if you have questions.

### What expenses can I pay for with a dependent care account?

Expenses for child care, elder care, and care for a disabled dependent are reimbursable if the care is necessary for you to work. If you're married, your spouse must also work, unless he or she is a full-time student or physically or mentally incapable of caring for himself or herself. For child care expenses to qualify, your child must be a dependent *under the age of 13* when the child care is provided. There is no age limit if your child is disabled. If you need help figuring out whether your expenses qualify for reimbursement, check IRS Publication 503 or consult a tax advisor.

### 2005 Open Enrollment Period

For many employees, the typical time to enroll is during Fall Open Enrollment: Sept. 15 – Oct. 15, 2005. Enrollments during this time will take effect on Jan. 1, 2006.

The 2006 "Plan Year" runs from Jan. 1 through Dec. 31, 2006.

Outside the open enrollment period: If you become "newly eligible" (new hire, or change to an eligible time base), you have 60 days from that date to enroll in a FlexElect reimbursement account.

### For More Information

If you need more information, ask your Personnel Office for a FlexElect Handbook. This handbook is also available on the Department of Personnel Administration's Web site at [www.dpa.ca.gov](http://www.dpa.ca.gov) (under Publications).

#### HEALTH TIP

The best way to prevent the flu is to get a flu shot. The shots are safe for children, and for women who will be more than three months pregnant during flu season. They are also recommended for all adults over 50.

Flu vaccine is grown in hen's eggs, so if you're allergic to eggs, talk to your doctor about whether or not this vaccine is safe for you or your children.

A new flu vaccine is given every year because the flu virus changes from year to year. In the U.S., October through November is the best time for getting a flu shot -- so your immunity peaks during the high point of flu season (December through March).

## For More Information

### DPA Benefits Division

(916) 322-0300 ♦ CNET 492-0300

### ARAG Group

#### Group Legal Services Plan

1-800-247-4184

### Dental Program

(916) 324-0525 ♦ CNET 454-0525

### Employee Assistance Program

#### MHN (Managed Health Network)

1-866-327-4762

### FlexElect Program

(916) 327-6429 ♦ CNET 467-6429

### Health Promotion Program

(916) 324-9398 ♦ CNET 454-9398

### Merit Award Program

(916) 324-0522 ♦ CNET 454-0522

### Pre-Tax Parking

(916) 324-0526 ♦ CNET 454-0526

### Rural Health Care Program

(916) 327-1439 ♦ CNET 467-1439

### Savings Plus Program

1-866-566-4777

[www.sppforu.com](http://www.sppforu.com)

### Travel & Relocation and

#### Vanpool Programs

(916) 324-0526 ♦ CNET 454-0526

### Vision Service Plan

1-800-877-7195

### Workers' Compensation Program

(916) 445-9792 ♦ CNET 485-9792

## DPA Fax Numbers

### Benefits Division

(916) 322-3769 ♦ CNET 492-3769

### Savings Plus Program

(916) 327-1885 ♦ CNET 467-1885

### TDD (Any unit in DPA)

(916) 327-4266 ♦ CNET 467-4266

## Internet Address

[www.dpa.ca.gov](http://www.dpa.ca.gov)